

A Whitepaper on Export Development of Chinese Domestic Brands

October 2023

Google

IpsosStrategy3



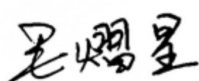
FOREWORD

The past decade has witnessed remarkable growth for Chinese e-commerce exports. What's more impressive is the growing number of Chinese companies that perceive overseas markets, particularly in developed countries, as potential avenues for expansion. As these companies actively explore such growth opportunities, they are utilizing exceptional product design and quality to garner recognition and consideration overseas. These qualities, set alongside captivating brand narratives, have enabled Chinese domestic brands to distinguish themselves on the international stage, creating a strong foundation for further global market penetration

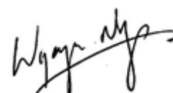
Yet the international macro environment is unpredictable, and companies across industries face increasingly fierce competition, the rising cost of attracting online audiences, and shifting consumer priorities. To survive such market challenges, cross-border e-commerce Chinese companies should focus more on strengthening their internal capabilities and building brand strength. By doing so, they can remain durable through periods of uncertainty, access new business opportunities as they appear, and ultimately achieve sustainable growth at the global level

During the past 2-3 years, Chinese domestic brands have generally placed a stronger emphasis on regulatory compliance, brand-building, diversification (product, channel, and export market), and localization overseas. To offer systematic, up-to-date guidance in these and other areas, Google has put forward a “9 Strength” capability framework — a constellation of individual modules that collectively measure the core competencies surrounding export. In this report, Google and Ipsos provide key initiatives for four of these 9 strengths by studying inspirational case studies for successful Chinese export brands, as well as leading US-based players

We hope this work serves as a foundation for Chinese brands looking to better navigate competency gaps via internal assessment, helping to unlock sustainable business growth in the overseas market



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EXECUTIVE SUMMARY

Chinese domestic brands entering foreign markets have gained widespread recognition and are gradually being considered by consumers worldwide. Their growing success is the result of a robust supply chain, a sophisticated cross-border e-commerce ecosystem, and continuous efforts toward brand building. Tough competition and slow-growing domestic demand may further encourage Chinese domestic brands to expand internationally

The US and other developed economies will continue to be China's leading export markets in the short- to medium-term. With rising demand and relatively few market rivals, the fashion, beauty, and Consumer Electronics, represents great opportunities

To facilitate the export business for Chinese domestic brands and assist more brands to be export-ready, Google puts forward a "9 Strength" capability framework. The top 4 strengths, **Branding, Sales & Marketing, Product, and Data & Analytics**, attracted the most attention from C-level of Chinese domestic brands, and are seen as essential to boosting overseas business. For each of these 4 qualities, this white paper outlines "why it matters," "what to do," and "how to do":



Branding

This whitepaper provides a fundamental architecture, guiding brands on how to position their brand successfully

To craft a compelling brand story, it is necessary to clarify the target audience, identify the functional unique selling points of products, and integrate emotional benefits that audiences truly care about

Chinese domestic brands can consider brand-driven marketing solutions including an influencer marketing strategy, "Long-form + Short-form" video strategy, offline engagement, and co-branding, to widely deliver a well-designed brand message



Sales & Marketing

In terms of sales-driven initiatives, having a diverse sales channel has been shown to support a brand's stability and adaptability in overseas markets

An independent website is regarded as a "must-have" in addition to the marketplace platforms, even for early exports. Thus, it becomes much more important to consider "how to operate it to drive more traffic and sales". This whitepaper provides solutions with comprehensive instructions on how to enhance UI/UX design, optimize SEM, produce high-quality videos, and create engaging marketing press for social media platforms



Product

This whitepaper also provides a dynamic product development framework to help brands succeed overseas:

Points of emphasis include localizing product attributes to meet various consumer needs, collaborating with customers and partners to develop products, and creating a powerful marketing plan to coincide with the launch of each new product, thereby generating traffic and engagement sustainably



Data & Analytics

Data analysis and concise interpretation allow firms to make wise and timely business decisions – particularly regarding new product development, brand positioning, and precision marketing. This whitepaper provides guidance on these three topics

An organized and effective data analytics system combines insights from both internal sources (such as distributor feedback, web crawling of its own independent website, and sales data) and ad-hoc studies on consumer usage and attitudes, competitor intelligence, and the overall industry landscape



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01

Domestic Brands Going Overseas Continue to Flourish

As Chinese domestic brands expand overseas, sustainable growth is expected due to rising brand awareness and consideration among global consumers, as well as the comparative advantages held by Chinese exporters in international trade, in addition to numerous forms of government support



As Chinese domestic brands venture into the global market, they have demonstrated significant advantages in cost-effectiveness, product competency, and supply chain efficiency. These enable them to swiftly capture market share in the global market. Recently, they have proactively elevated their brand-building efforts, emphasized brand positioning and captivating storytelling to thrive in international markets. However, they continue to confront complexity and challenges. Google remains committed to partnering with Chinese domestic brands, fostering mutual understanding between global audiences and Chinese domestic brands

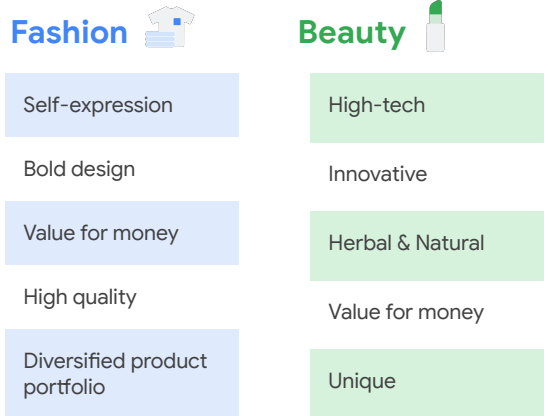
—Bella Peng (Google Industry Lead)

Increased global awareness & consideration of Chinese domestic brands boosted confidence as they go overseas

In recent years, Chinese domestic brands have drawn on marketing experience and supply chain efficiency improvements in the China and taken their competent products/ services, and engaging brand stories to the global. Global consumer awareness and consideration have continuously increased as they make inroads overseas (increased by 4.9% and 1.4% respectively from 2018 to 2021¹) Many of them are actively engaged in brand storytelling overseas and have succeeded in impressing consumers in developed markets (take US as an example) with diversified attributes (not limited to “value for money”) As illustrated in Exhibit 1, US consumer perceptions of Chinese domestic brands include “self-expression” and “bold design” (on fashion brands), as well as “high-tech” and “innovative” (on beauty brands), qualities perceived as highly valuable and meaningful to local audiences

Exhibit 1: US consumers’ top 5 perceptions of key Chinese fashion and beauty brands²

(Ranked by buzz volume)



In 2023, Google and a leading market research company conducted research on Chinese Global Brand Builders, highlighting 15 Rising Stars with outstanding performance in business growth, meeting consumer needs, and proactive brand-building³ (see Exhibit 2). It is good to know that 8 of them started as domestic brands before expanding to become exporters⁴ It sets a good example and will enhance the confidence of Chinese exporters to further improve brand perception & image in overseas markets

Exhibit 2: BrandZ Rising Stars in 2023

(Sort in Alphabetical order)

Brands in **blue font** refer to domestic brands going overseas

BloomChic	Luvme Hair	TEMU
BLUETTI	NEIWAI	Tineco
Donner	PETKIT	Ulike
Flower Knows	POP MART	Wuling
LILYSILK	RiverGame	XREAL

Remark: 1 Google x Kantar BrandZ Top 50 Chinese Global Brand Builders in developed markets; 2 Ipsos selected 10 Chinese brands for each category (discussed most by US consumers); 3 Top rising stars determined by consumer survey result & expert evaluation; 4 The remaining 7 brands are either non-new consumer goods, or initially established abroad/simultaneously develop at home and abroad
 Source: Google x Kantar BrandZ Chinese Global Brand Builders 2021; Google x Kantar BrandZ Chinese Global Brand Builders 2023; Ipsos analysis based on consumer buzz sourcing from Twitter, Instagram, YouTube, Reddit, etc. accumulated from Apr 2022 to Mar 2023

Slow-growing demand, fierce competition in the domestic market, further push Chinese companies to go overseas

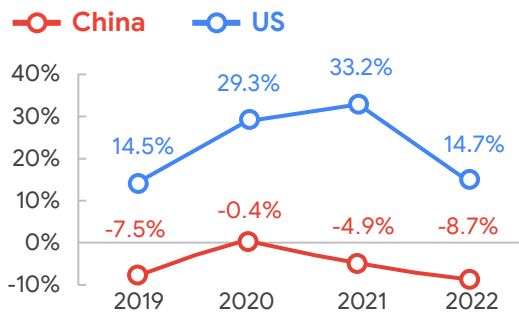
Overall domestic retail sales growth in Q2 2023 remains weak compared to 2019 and 2021 – especially for leisure & entertainment-related products, as well as higher-ticket items, such as automobiles, communication equipment, and home appliances

Meanwhile, fierce domestic competition is putting increased pressure on companies’ survival and profitability, further pushing brands to develop export businesses to drive sales. The fashion and beauty industries are prime examples of this shift

China’s fashion industry began experiencing squeezed profitability even before the pandemic, resulting in many companies going bankrupt. Its net profit witnessed a consistent downward trend from 2019 to 2022, marked by three years of negative annual growth rates¹ (-13% and -27% in 2019 & 2020, respectively)

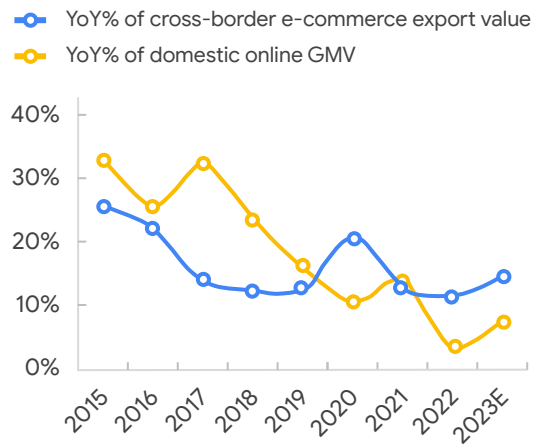
The online revenue of China’s beauty industry also kept declining in recent years (see the red line in Exhibit 3), due to strong competition from low-price e-commerce platforms

Exhibit 3: Annual growth of online revenue in the beauty industry in China and the US (2019 – 2022)



With slowed demand and substantial manufacturing capacity in the beauty market², domestic companies have begun proactively developing export businesses, especially within developed countries, to achieve higher profit margins. As shown in Exhibit 4, online exports foresee strong growth momentum

Exhibit 4: Growth rate of cross-border e-commerce export vs. domestic online GMV (2015 – 2023E)

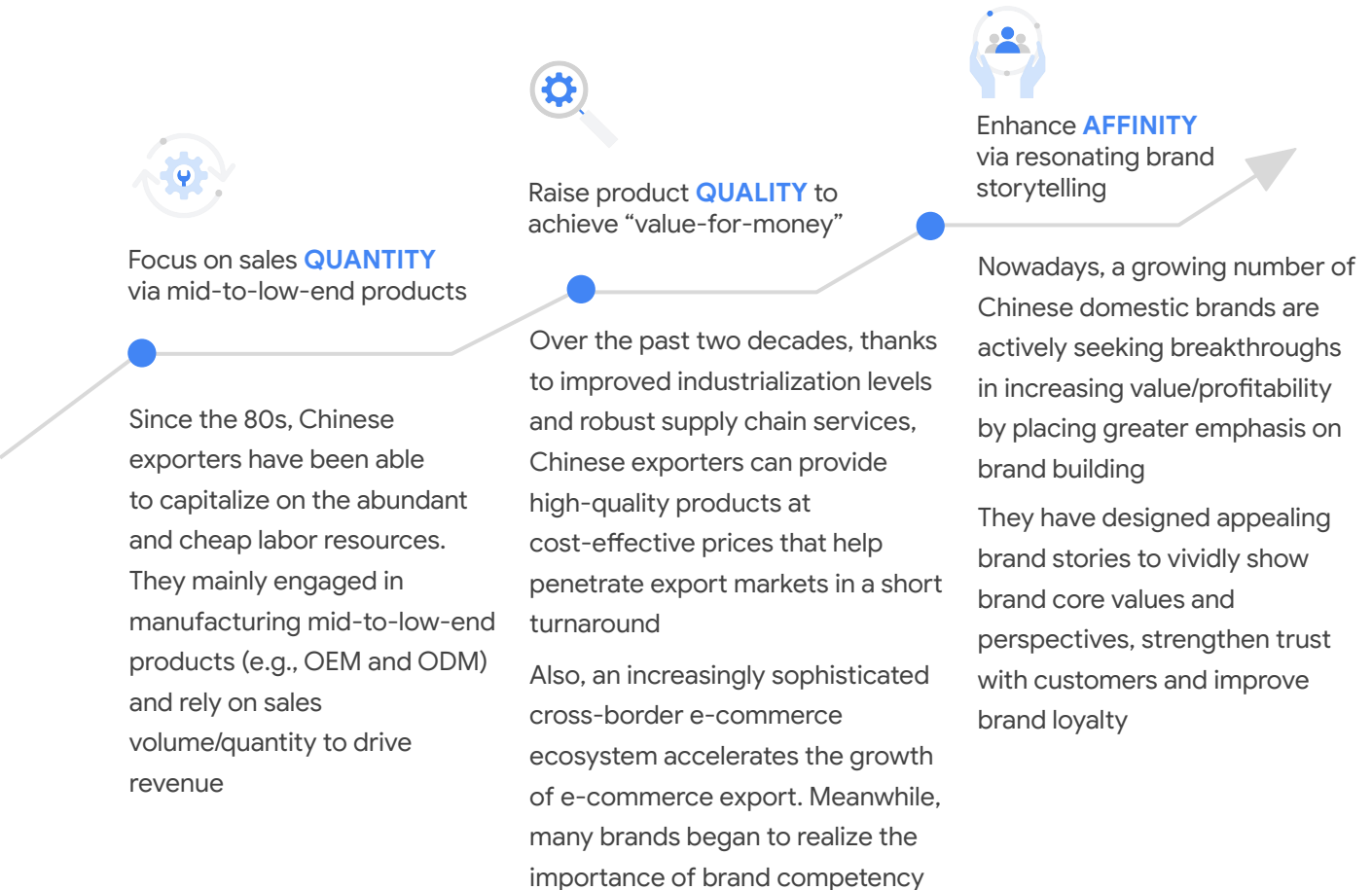


Numerous policies give yet another push to those seeking business growth overseas, aimed at optimizing cross-border export ecosystems and facilitating export business development were published in recent years:

- Improve overseas financial ecosystem constriction³, e.g., simplify foreign exchange receipts and payments by allowing foreign exchange settlement through individual foreign exchange accounts without employing their annual facilitation quotas
- Offer financial incentives (e.g., tax rebates, cash subsidies, and preferential) to support overseas operational expansion (including logistics⁴, product certification, etc.)
- Public service wise⁵, the Ministry of Commerce is determined to keep expanding cross-border e-commerce pilot zones/incubators and hold regular training & networking events to support export business development

Remark: 1 National Bureau of Statistics, Profitability of Apparel Enterprises Above Scale in China; 2 China has the largest number of apparel and textile manufacturers worldwide; over 6,000 beauty brands opened Tmall flagship stores between 2020 and 2022; 3 "Circular on Supporting the Development of New Forms of Trade" and "Guidance on New Forms and Models of Foreign Trade"; 4 "Ten Measures to Promote the Stability and Quality of Foreign Trade" published by the General Administration of Customs; 5 "14th Five-Year High-Quality Development Plan for Foreign Trade"
Source: International Monetary Fund; Ministry of Commerce; Statista; CSIMarket

Chinese exporters are switching focus from product quantity to quality, to brand affinity, and increasingly prioritizing brand building to capture overseas consumers and further accelerate their e-commerce export process



Our business in the US has grown by 300% in the past two years. **The highly integrated Pearl River Delta supply chain** is one of the key growth drivers. It is the world's largest jewelry and smart wearable device supply market, facilitating us with lower production costs and strong supplier networks

Meanwhile, given overseas consumers high value emotional expression, especially in developed countries, we are focusing more on **deepening consumer connection via brand storytelling**. Our resonating stories receive high popularity overseas, greatly contributing to brand building, global reputation and increased sales

totwoo

Developed economies (especially the US) remain the key destinations for Chinese exporters in the short to mid-term

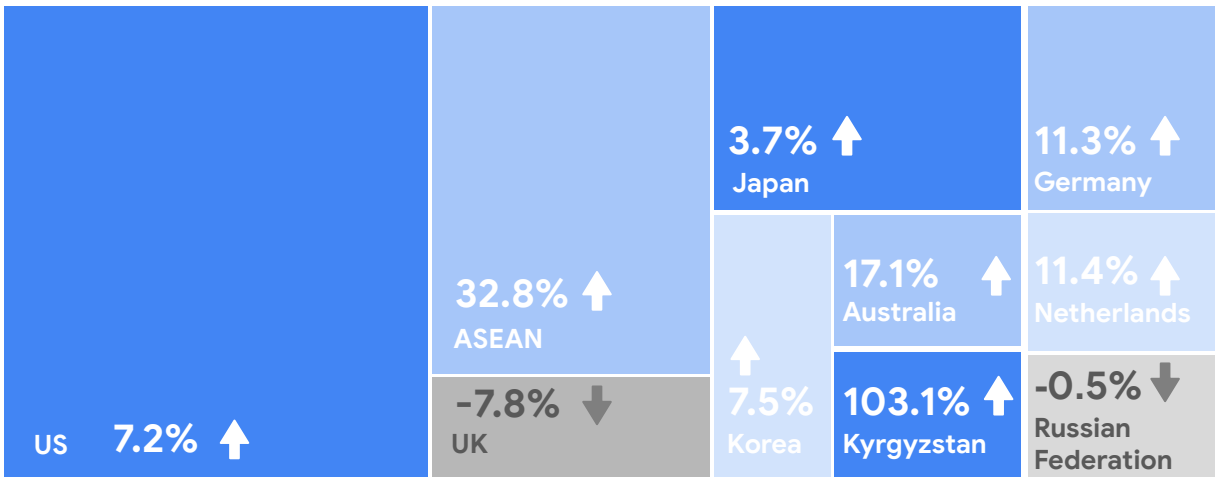
Developed economies (including the US, UK, Japan, etc.) are the leading destinations for Chinese exporters (taking the fashion and beauty industries as an example, illustrated in Exhibit 5, developed economies in the top 10 Chinese export destinations contribute about 40% of the total exports of the entire export market), thanks to high consumption power/ willingness-to-pay and rich distributor resources

Meanwhile, the US represents the largest total export value among these developed economies and experienced solid growth at 7% in the past two years (shown in Exhibit 5), expected to remain the stronghold in the short to mid-term, despite the ever-changing international environment. The following chapters will take the US market, as an example, to synthesize key success factors across the export business journey of Chinese domestic brands

Exhibit 5: Top 10 export destinations for China’s fashion & beauty Industries

(Export value by destinations; 100% =CNY 1055.2 bn, 2022, contributing ~60% of total export value to all destinations)

X% ↑ ↓ Refer to YoY % growth, 2022 vs 2021



As the fashion, beauty, and Consumer Electronics industries witness fast-growing demand and relatively low competition saturation in the US market, the next chapter will focus on these three industries to explore key success factors of doing export and inspirational case studies

(Please refer to Chapter 3 for industry landscape and consumer trends of these 3 verticals)

02

How to Excel at the E-commerce Export Business in Developed Economies

The following section will take the US market, as an illustration, to synthesize key success factors across the export business journey leveraging the “9 Strength” capability framework, focusing on Branding, Sales & Marketing, Product, and Data & Analytics strengths



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During the Export Leadership Summit, we heard multiple sharing from business owners on how to identify and improve the most critical capabilities

This is particularly true when a business has enjoyed drastic growth in the past years and is shifting its focus onto generating sustained growth through leveraging data-driven methodologies in building its brand value, improving its products, and refining its approach to marketing and sales”

—Neal Wang (Google International Growth Specialist)

The rising competition in exporting business calls for a more comprehensive approach, in order to stay competitive and drive long-term growth. This created a series of prevalent challenges before Chinese exporters: “What capabilities should I acquire to stay ahead of the game?”

In tackling these challenges and creating a clear pathway for exporting businesses to develop their capabilities, Google has pioneered a “9 Strength” capability framework (see Exhibit 6). This framework takes into consideration of the most concerned issues among C-level and business owners and put forth a systematic approach for a holistic assessment and development of exporting capabilities

Among these 9 strengths, Branding, Sales & Marketing, Product, and Data & Analytics have garnered the utmost attention, and are believed as the pivotal enablers that expedite Chinese exporters to surpass overseas brands. Hence, this chapter will embark on a comprehensive exploration of these 4 strengths

Exhibit 6: The “9 Strength” capability framework

 Strengths selected for deep dive



Explanation per strength:

1. Branding Strength: A meaningful brand story & ability to leverage online/offline marketing to achieve high brand awareness
2. Product Strength: Key capability in product design, and continuous product updates/adjustments
3. Sales & Marketing Strength: An effective sales network, both online and offline, to maximize sales performance
4. Service Strength: Ability to respond to pre-sale enquiries and provide high-quality after-sales services
5. Operation Strength: An independent website which is continuously developed and improved
6. Data & Analytics Strength: Analysis of internal & 3rd party data (e.g., sales data & consumer insights) for business decisions
7. Financial Strength: Ability to fundraise, manage cash flow, and comply with local laws and regulations
8. Logistics Strength: Reliable supply chain with seamless cross-border transport, overseas warehouses & last-mile delivery
9. People & Org Strength: Dedicated teams for key business functions with clear roles & responsibilities, OKR, as well as KPI



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In light of increasing competition, especially in mature markets, more brands are realizing that brand competency can help them stand out among their peers

An effective brand positioning strategy helps businesses achieve higher margins through price discrimination

An attractive brand story has the power to communicate the brand positioning clearly to consumers, evoke their recognition and resonance with the brand, and help establish a stronger and closer relationship between the brand and its consumers, thereby further enhancing brand loyalty

In a recent poll as a part of the Export Leadership Roundtable during Google's China Google

Marketing Live 2023, **72% of the participating executives shared their motivation to establish and enhance branding power for their organizations**

In this section, we will go through the following brand positioning architecture step by step, providing a to-do list for effective brand development





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Brand positioning is the strategic backbone, setting the tone for the organization’s daily operations, sales and marketing efforts, as well as its relationship to consumers and the overall society

To create compelling content that resonates, brands must know their target audience, then combine their products’ functional advantages with the emotional benefits that these audiences truly care about

For mature players*, incorporating moral/social/sustainability values via CSR activities can be a plus (nice-to-have), to elevate brand positioning and inspire empathy within their audience

BRAND POSITIONING	1. Consumer targeting			
	2. Functional benefits	3. Emotional benefits	4. CSR	/
Content				
Delivery	5. Influencer marketing	6. Video strategy	7. Offline engagement	8. Co-branding partnership
Enabler	9. Brand-driven marketing	10. Data & Analytics		

1. Consumer Targeting:

Always start with clarifying who is / can be the brand’s target

There are 3 layers of identifying your target (shown in Exhibit 7)

Design Target refers to the sweet spot within a target audience for whom we design offerings, the core consumer group who will be less price sensitive but the most loyal to brand product and value

Target Audience can be an addressable group within the market, representing significant potential

Brands can then continue expanding to reach their **Target Market**, which can be general people engaged in similar market activities

Exhibit 7: Core & potential consumer group identification



2. Functional benefits:

Shape consumer expectations into your product’s unique selling points (USPs)

Functional benefits refers to the tangible utility that brands provide via product attributes that solve certain problems

Brands are suggested to identify unique functional benefits through the following steps: **Understand Points of Parity** (POP, at parity with competitors): List all the product features/attributes your brand and peers currently offer, to have a comprehensive picture of offerings in the market

Identify Points of Difference (POD, distinction between peers): Through the comparison, identify your competence, functional gaps, as well as whitespace. The latter two discoveries can be inspiration for new product development. (Please refer to Data & Analytics Section for more details)

Remark: * Mature players have unique brand stories (covering consumer functional/emotional needs & founder perspective) and brand tonality
Source: Ipsos framework for brand positioning; Ipsos Global Trends 2021



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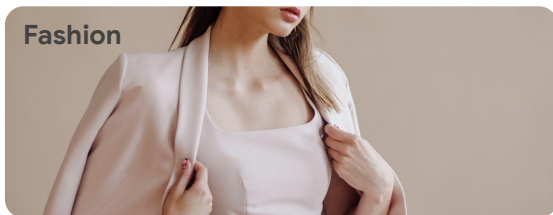
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Shape “POD - Your competence” to unique selling points. In addition to explaining your distinctive offerings, articulating the linkage between USPs and consumer benefits is equally crucial

Consumer Electronics brands emphasize how technology helps improve working efficiency (not only talking about how advanced the tech is), while fashion/ beauty companies can focus on how fast product upgrade meets consumers’ diverse needs on different occasions

Most mentioned functional needs of US consumers purchasing fashion/beauty products

(Based on consumer buzz sourcing from Twitter, Instagram, YouTube, Reddit, etc. accumulated from Apr 2022 to Mar 2023)



Fashion



Underwear

- Breast lift/support
- Breathability
- Elasticity



High-end Women Clothing

- Premium materials (e.g., silk, leather)
- Exquisite tailoring



Activewear

- Heat/cool transport
- Dry-fit
- Windproofing



Comfortable footwear

- Rainproofing
- Breathability
- Durability



Beauty



Make-up

- Multifunctional product to simplify routines
- Nude look



Skincare & Beauty device

- Anti-aging
- Hydration
- Oil Control

3. Emotional benefits:

Monitor consumer trends and capture the most important and relevant emotional motivators

Emotional benefits link to the mood, mental state, and affections consumers expect when using the products

Emotionally connected consumers are

 **52%** more valuable

(in terms of consumption power/ repurchasing) than those who are satisfied with product functionality only

A deep understanding of the target consumer group’s traits, an accurate identification of what aspects of life they value the most (family, community, freedom), and what they aspire to on a day-to-day basis, are very critical for brands aiming to win the hearts and minds of consumers during communication and engagement (see Exhibit 8 below)

Consumers may not clearly remember a product’s features or technical details, but how a brand makes them feel is memorable

Exhibit 8: Most mentioned sentiment/emotional needs of US consumers purchasing fashion & beauty products

(Based on consumer buzz sourcing from Twitter, Instagram, YouTube, Reddit, etc. accumulated from Apr 2022 to Mar 2023)

Trendsetter
Confidence boost **Acceptance**
Warm & friendly
Self-expression/Uniqueness
Aesthetic value **Creativity**
Trustworthy **Inspiration**
Freedom



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Integration of functional benefits and emotional benefits

Functional and emotional benefits should be closely linked to each other to better engage and resonate with the audience

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CONNECT TO LOVE



Beyond selling chic accessories, totwoo encourages consumers to “connect through the love of smart jewelry”. It tells audiences that “it is not about selling accessories, but leveraging high-tech to help people express their feelings to their beloved ones and bring people together”, which further enhances its points of difference for functional attributes (e.g., IoT) and successfully raises consumer empathy via romance, friendship, and family love

4. Corporate social responsibility (CSR):

Embracing CSR in business operations and acting with empathy is a “nice-to-have” brand attribute in building a loyal audience

Leading US companies are placing a stronger emphasis on taking moral/social responsibility, to raise deeper empathy with consumers

Mature players* can ride this trend and incorporate CSR into their brand positioning

From employee well-being, to environmental sustainability, to community development (see Exhibit 9), brands should determine their breakthrough points, considering their feasibility, as well as their relevance to audience needs and visibility (ease of perceiving CSR signals)

53%

of US consumers believe “taking moral/ social responsibilities” and “offering high-quality products” are equally important

71%

want to buy from socially responsible companies

Exhibit 9: Examples of popular CSR topics/ initiatives



Employee well-being

- Fair wages
- Gender equality
- Ethnic diversity
- Mental health counselling
- Leadership development



Environmental sustainability

- Emission reduction
- Water, paper & energy conservation
- Responsible waste management (e.g., recycling programs, renewable energy)



Community development

- Support social welfare projects, such as:
- Cultural diversity campaign
 - Education/skill development program
 - Offer job opportunities
 - Distributor growth program



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CSR strategy should be driven by achievable goals, engaged consumers, and regular transparency reports

1

Be realistic

- Consider operation feasibility, relevance to consumer needs, and impact on brand image when identifying areas to incorporate CSR (e.g., fashion brands can try clothes recycling)
- Make your goals achievable. Instead of starting with moonshot goals, make sure to specify challenging-yet-attainable targets (e.g., committing 1% of employees' time annually for community volunteering)

2

Be engaging

Create opportunities to get consumers involved in CSR activities as well (e.g., encourage consumers to recycle clothes or donate one pair of shoes to children in developing countries)

3

Be transparent & consistent

- Be transparent about where your company has come up short (e.g., workforce diversity) and clarify plans to address these issues
- Transparently update your progress on a regular basis (1-2 times per year) regarding goals and challenges
- Look for every opportunity to repeat your messaging to employees (who are the brand ambassadors) as well as consumers





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As the next step, to maximize audience reach, Chinese domestic brands are advised to leverage influencer marketing and adopt a “Long + Short = Better together” video strategy

For mature players¹, offline engagement and co-branding are worth trying as well

BRAND POSITIONING	1. Consumer targeting			
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Delivery	5. Influencer marketing	6. Video strategy	7. Offline engagement	8. Co-branding partnership
Enabler	9. Brand-driven marketing	10. Data & Analytics		

5. Influencer Marketing:

Influencer marketing, especially on social video sites is a must-have for brand-driven marketing

US brands usually rely heavily on influencers (~50-60% of the total brand-driven marketing budget) to feature their products via authentic, relatable and trusted content posted on social media platforms, especially on social video platforms. This medium gives influencers an opportunity to test product features, talk about the concept/brand story, and offer a recommendation



Influencers better generate consumers' interest in a brand. Once an influencer held our panoramic camera in the mouth, capturing the running and triggering consumers to imitate it, effectively spreading the brand concept of “capture the magic in every moment”

影石 Insta360

Here are some guidelines on selecting the right influencer for cooperation:

The influencer's persona must be aligned with the company's core values (e.g., a tech blogger for consumer electronics, or fashion trendsetters for brands emphasizing self-expression). Video content also needs to reflect the unique brand persona

Experience with similar brands is nice to have. Many influencers have worked with similar brands/products, preferably benchmark brands (for endorsement)

Micro (5,000 – 50K followers) **and rising star influencers** (50K – 500K followers) are considered **very effective** to make endorsements more relatable/trustable

A consumer engagement rate² of 1%-3% is good enough, while it may be higher (4%–10%) for smaller-sized/niche influencers.

Additionally, selecting the right social video platform is equally important. YouTube, as one of leading social media platforms, puts continuous effort toward cultivating influencers, creators, artists, and media companies that maintain high-quality content on the platform

Remark: 1 Mature players have unique brand stories (covering consumer functional/emotional needs & founder perspective) and brand tonality; 2 Consumer engagement rate refers to the number of average likes & comments an influencer receives compared to the total number of followers



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6. Video strategy:

Leverage “Long-form + Short-form” video strategy to maximize audience reach

Finding a platform full of professional/high-quality influencers and “long video” content is critical. This is especially important for products requiring detailed video illustrations, such as high-tech/consumer electronics (for product tech myth-busting) and beauty (for skincare/makeup routine demonstrations). Short-form videos are also evolving due to mobile accessibility, creativity, and virality, and audiences are watching more short-form videos than studio-produced TV and films. As a result, increasing numbers of US and domestic leading brands are supplementing their long-form ad videos with short ones to maximize audience reach and product consideration. YouTube Shorts has gained in popularity among audiences, making it a valuable and influential tool for content dissemination (with over 150bn views on YouTube Shorts, videos, and live streams with tagged products in 2022). Channels uploading both Shorts and long-form videos are seeing better overall watch time and subscriber growth relative to those only uploading long-form content. Moreover, brands can collaborate with influencers to create long-form videos, and then cut them down into multiple short clips for video ads on independent websites and social media platforms.



We regularly post high-quality & creative influencers’ co-production videos, and interesting user-generated content (UGC) on our YouTube Shorts accounts. The #BiteTheCamera campaign amassed over 1.7 billion views on YouTube Shorts

影石 Insta360

7. Offline engagement:

For mature players*, offline engagement is also important for brand building, and pop-up stores are an evolving approach

The offline channel represents ~40-50% of total sales for fashion, beauty, and Consumer Electronics. In-store activations continue to be one of the key areas of focus for leading brands in the US. For Chinese mature players* who do not yet have a formal offline presence, pop-up stores can be a potential and relatively cost-effective approach for generating brand awareness/exposure. Fresh, exciting, and highly interactive activities enable better communication as well as a unique, exclusive shopping experience. Some interesting pop-up store formats include:

A chance to try on/feel product in real life

In addition to a traditional one-way introduction and common display, brands can invite consumers to participate in on-site activities (such as yoga for activewear brands, or a city walk for shoes).

KOL demos to attract young audiences

Leading US fashion/beauty brands often invite KOLs & celebrities (athletes, artist collaborators) to offer a class or demonstration in-store.

Tech-driven immersive experiences

Tailored services can be provided by leveraging high-tech (e.g., beauty devices enabling personalized treatments).



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New product launches, co-branding, theme days/weeks (e.g., addressing wellness), holiday season & other promotional periods are all good times for pop-up events

Moreover, brands can create online and offline synergy to engage with consumers at every touchpoint. Pop-ups can help direct traffic to brand websites (by offering e-coupons and upgrading delivery service), while brands can use online posts to elevate audience reach



NEIWAI - Wellness Weekend

NEIWAI organized a 2-day pop-up event during the “World Wellness Weekend”

- It employed a series of highly engaging activities to introduce its Active Mousse fabric products
- Instead of just showing the products to consumers, it invited consumers to wear NEIWAI’s products while participating in samba, yoga, and other healthy activities, allowing them to better experience the elasticity and softness of organic fabrics with every gesture, and get a direct feel for the “Revitalize and Restore” brand concept

8. Co-branding partnership: Brand collaboration can be an effective approach to increasing brand awareness and boosting their growth trajectory

For mature players* aiming to extend their consumer base and increase brand awareness, formulating an alliance to create a unique/specific product is worthwhile as it benefits all parties involved

When selecting partners, brands in the same industry or cross-category brands with similar brand attributes/core values can create synergy through a consistent marketing pitch

- Define the key objective (e.g., raise engagement, enhance customer loyalty, or update brand storytelling) and ensure everyone is aligned on the expectations/direction for brand development
- Stick to the company’s original core brand value/attributes through the entire co-branding process (product design, marketing campaigns)



NEIWAI partnered with European luxury brand WOLFORD and launched a sustainable collection with recycled materials, indicating both strong commitment to supporting sustainability (which is an important part of their core brand values)



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Consistent investment in brand-driven marketing is vital for conveying a well-crafted brand story and distinguishing the brand from competitors

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Content	2. Functional benefits	3. Emotional benefits	4. CSR	/
Delivery	5. Influencer marketing	6. Video strategy	7. Offline engagement	8. Co-branding partnership
Enabler	9. Brand-driven marketing		10. Data & Analytics (please refer to Slide 32)	

9. Investment In Brand-driven Marketing:

Continuous investment in brand-driving marketing, is necessary to deliver well-designed brand story

After years of investment and adaptation, leading US players have successfully created engaging and empathy-based core values and constantly invest in brand-driven marketing to ensure strong brand equity and sustainable sales increases

Brand-driven marketing budget split

US **30%-50%**
Leading players

China **10%-30%**
Mature players*

For the market entry of new product categories, it is important to invest in brand-driven marketing for product education purposes at the very beginning of the export business. When sales performance reaches a certain level (e.g., profit margin remains healthy and steady for 3 consecutive years), Chinese domestic brands may reallocate the budgetary split while keeping investment at a steady level.



Working with the right partners is the shortcut to success in overseas markets. 23% of Google Ads clients claim that the most challenging aspect of overseas business expansion is finding trustworthy partners. Chinese domestic brands, in their pursuit of brand building, have leveraged Google Business Solutions (GBS) to access co-branding partners

GBS facilitates connections with a network of over 130 reliable Google-vetted partners in various fields (e.g., global payments, consultations with world-class operations experts, international logistics, finance & funding, and marketing agencies). Through these partnerships, GBS enables Chinese domestic brands to access a wide range of expertise and resources to support overseas expansion

— Neal Wang

(Google International Growth Specialist)



Remark: * Mature players refer to those have unique brand stories (covering consumer functional/emotional needs & founder perspective) and brand tonality



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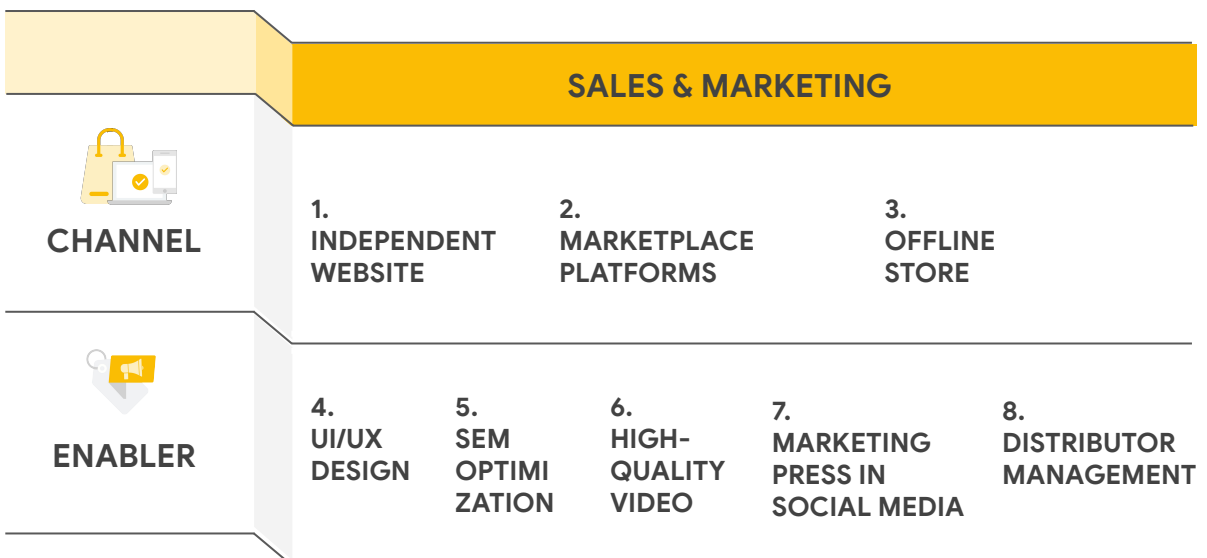
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Facing fierce competition on e-commerce platforms, increasing numbers of Chinese exporters are considering additional sales channels for survival and expansion. A diversified sales channel lets businesses avoid putting all eggs in one basket while helping their brand maintain sales stability and resilience in a VUCA (volatile, uncertain, complex, and ambiguous) era. **“How to diversify a brand’s sales channel with the right timing to maximize sales performance without revenue cannibalization”** can be an interesting discussion topic in this section

Revenue and profit are inevitably core issues for businesses. It is hoped that the guidance in this section on **“how to attentively operate your independent website to drive consumer traffic, raise engagement, and boost sales conversion”** will deliver inspiration and an effective call to action

Given that distribution remains key to the success of export businesses, this whitepaper also integrates tips on **“how to maximize distributor capability and resources, as well as solidify mutually beneficial relationships for sustainable business growth”** to help brands manage the relevant partnerships in a systematic way





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Successful Chinese domestic brands as well as leading US companies rarely rely on a single channel for sales, instead making use of a good mix

For nascent players ¹ with limited resources, having an independent website (apart from e-commerce platforms) is essential. Mature players ² can consider expanding their presence offline via partnering with local retailers, ultimately setting up experience stores

SALES & MARKETING					
Channel	1. Independent website	2. Marketplace platforms	3. Offline Store		
Enabler	4. UI/UX design	5. SEM optimization	6. High-quality video	7. Marketing press in social media	8. Distributor management

1. Independent website & 2. Marketplace platforms:

For nascent players, cross-border e-commerce platforms can be a low-entry-barrier option while an independent website is a “must-have”

Cross-border e-commerce marketplace platforms offer a viable option with a low barrier to entry, with one-stop solutions that help nascent players mitigate inventory backlog risks/capital chain complications

As the company grows, increased marketing efforts should be put into an independent website to further drive brand awareness, achieve close engagement with consumers, and enjoy higher margins. This is an area where nascent players need to exert diligent effort

60%

of online shoppers prefer buying directly from a brand, believing individual brands offer better quality than third-party retailers

3. Offline store:

Mature players* are encouraged to further penetrate offline with a channel differentiation strategy

Mature Chinese players can consider having an “on-shelf” presence in high-traffic retail stores (such as Sephora and Walmart). Being endorsed by large local retailers helps enhance brand reputation and credibility.

Brands can also secondarily benefit from key retailers’ marketing resources (e.g., KOLs, campaigns, brochures/magazine marketing) to drive sales

Supplier requirement of top retailers (taking Walmart as an example)

- Annual sales in the US

CNY 0.3-0.5 bn

- International product certifications (e.g., WERCSmart ³, CE ⁴)
- 3-5-year business plan (including new product development plan, sales, and marketing strategy) to pass the internal evaluation

Remark: 1 Nascent players have a narrow sales channel layout, only utilizing basic search/shopping product marketing; 2 Mature players have multiple sales channels with dedicated marketing teams that regularly update high-quality content materials; 3 A retail supply chain program put forward by Walmart, serves as a secure, permission-based data compliance, and data distribution platform where manufacturers, distributors, and formulators safely disclose information about their products; 4 Conformité Européenne, related to product safety, hygiene, environmental protection, and consumer protection



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For brands that have accumulated adequate resources, gradually opening experience stores not only help drive more sales, but also can improve customer loyalty and achieve sustainable business growth in the US.

This is important for high-tech/consumer electronics products that involve face-to-face communication, product trails, and after-sales services (repair and maintenance)

The indicative benchmark baseline of establishing offline experience stores in the US:

Annual sales in the US hits

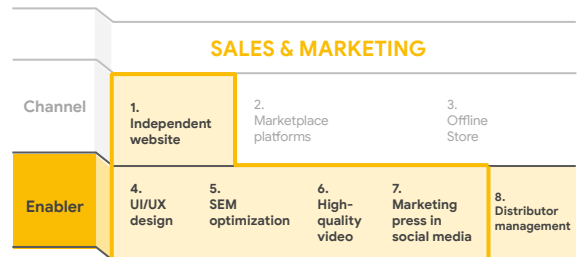
CNY 1-2 bn

For companies with multi/dual-channel supply chains, a channel differentiation strategy is key to mitigating cannibalization risks between online & offline channels. For example:

- Focus on selling seasonal exclusive SKUs and customized products in independent websites and offline flagship/pop-up/experience stores to convey key concepts of the brand story
- Consider selling regular, outdated, and standardized products at a discounted price on e-commerce platforms and offline retail stores to drive sales

Committed efforts in marketing & operations for independent websites, such as UI/UX design, SEM optimization, and high-quality videos, are worthwhile drivers of traffic and increased product consideration

Offline wise, an effective distributor management system is another fundamental component to push business growth sustainably



4. UI/UX design:

Improve UI/UX design to optimize user experience and potentially drive more conversions

A well-designed UI/UX can provide a seamless user experience and increase user retention on the independent website. Below are 5 principles from Google and Shopify Whitepaper ([link](#)) for reference:

- 1) Make your website look professional
- 2) Offer clear and trustworthy product information
- 3) Make shopping more convenient & ensure transaction security
- 4) Offer multiple communication channels for buyers (e.g., by adding an “Contact us” button)
- 5) Enable consumer engagement (e.g., by presenting user-generated content/reviews on the product description page)

Case study of client leveraging Google solution to lower CPAs (Cost per Action):

Google helped a client who was struggling with high CPAs, hindering its scale-up. By reviewing its independent website and video creatives, Google offered advice to adapt its content culturally from a UX perspective. As a result, the client achieved a **50% increase** in conversions and a **40% reduction** in CPA



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5. SEM optimization:

Keep optimizing Google SEM to reach the right audience

- Consider using long-tail keywords also, as they tend to have less competition with higher conversion rates
- Regularly monitor keyword performance. Pause/modify underperforming keywords & allocate more budget to high-performing ones
- Leverage Google SEM solutions/tools (e.g., Keyword Recommendation Enabler) for keyword expansion & optimization

Case study of client leveraging Google SEM solution to grow their search volume

A domestic Consumer Electronics client was concerned that their brand's search volume has consistently remained low. Despite attempting keyword expansion, the efficiency is poor

With Google's MaxMagic solution's assistance (extract keywords with the highest search volume in the client's product category over the past 30 days), they effectively increased the coverage of their search advertisements.

Their export Gross Merchandise Volume (GMV) grew by **208%**, with a Return On Advertising Spend (ROAS) that was **47%** higher than the account average



6. High-quality video:

High-quality video with authentic and localized content brings purchase rates to the next level

Video marketing is becoming increasingly important, allowing brands to showcase products or services in a visually captivating and dynamic manner, and leaving a lasting impression on the audience

90%

of consumers expect and want to see more videos over texts/images from brands

64%

of customers are more likely to buy a product online after 64% watching a video about it, rather than reading texts/viewing images

- Creating attractive/eye-catching video content is crucial. Chinese exporters can leverage the "ABCD" principle (based on YouTube's data-backed best practices; refer to Slide 25 for more details) to efficiently capture the attention of audiences and resonate with them
- Generate videos that better conform to local writing conventions/cultural context to resonate with consumers and win their attention. Brands can leverage AI-powered tools to improve localization levels effectively
- Incorporating user-generated videos (e.g., unboxing) into product descriptions & consumer review pages boosts authenticity and credibility



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The ABCD principle for creating high-quality content



Attention

Get to the core story fast. Present characters and audio/text reinforcement in **the first 5 seconds** with eye-catching visuals and high contrast to **hook and sustain audience attention via immersive stories**



Connection

Humanize the story. Keep messaging/language focused and simple. Lean into emotional levers and storytelling techniques (e.g., humor, surprise, intrigue) to help audiences **connect & resonate with your brand**



Branding

Introduce the brand/ product early & throughout. Utilize audio brand mentions and a wide palette of branding elements (e.g, LOGO, products, brand ambassador) to **enhance the brand message**



Direction

Add a CTA, preferably with a voice-over to **direct people to take action**. Finish with brand-specific elements to make the experience more memorable

7. Marketing press in social media:

Develop attractive marketing press on social media platforms

High-quality videos and SEM tools can help reach the right audience. Employing well-designed UI/UX can help increase user retention. Brands can further boost traffic on social media

- Embed interactive elements (e.g., polls/quizzes/contests) to boost engagement
- Involve influencer or user quotes to add credibility and authority
- Incorporate trendy hashtags and keywords to increase visibility and customer reach
- Use consistent branding elements (colors, fonts, emotional words that resonate with the audience) to enhance brand awareness and consideration





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8. Distributor management:

A mutually beneficial partnership with a distributor can make a significant difference in further penetrating the market and growing the business

The distribution model (leveraging local distributors) remains ideal for Chinese domestic brands focusing on export (~50-70% of total sales) in the short-mid term, as this approach helps generate revenue in a short turnaround time while lowering cost for overseas operations (particularly for the initial stage of the export business)

Hence, how to manage existing distributors to maximize their local resources, and how to treat distributors as strategic partners and grow together for sustainable business expansion in the US, can be a fruitful discussion topic

Unleash distributor's diversified local resources

In addition to achieving high revenue in a short turnaround, overseas distributors can play an important role in connecting Chinese domestic brands with partners and the local market. Here are several areas where distributors can offer sophisticated support and service:

- 1 Collecting market insights on topics such as the competitive landscape (the key and potential competitors), consumer preferences, and regulatory requirements from distributors, which are essential for business localization
- 2 Asking for suggestions/resource sharing by business partners, such as (not limited to) potential influencers, investors, and evolving retailers
- 3 Leveraging distributors to closely monitor local online and offline networking events, such as industry conferences and exhibitions
- 4 If possible, especially for nascent players, sharing facilities (such as warehouse space) and vendor resources (such as logistic service providers) to facilitate transport, return and even after sales service

For effective coordination, communication on a regular basis (such as monthly/quarterly meetings) is needed



We value feedback from our distributors. They share information on the sales performance of certain products (such as machine type/color), helping us better understand consumer preferences and make appropriate product adjustments /upgrades. Moreover, they facilitate connections with US leading retailers. We take full advantage of these opportunities to learn about industry trends and changes in consumer purchasing habits, bridging the gap between our brand and leading industry players in terms of localization

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Make the partnership work and achieve mutual benefits

1

Start from explicit OKRs (objectives and key results) to set the path

- Set **business goals** that inspire development and direction in short term
- Measure key results towards the goals (traditional **KPIs**, including sales growth, customer satisfaction, inventory turnover, and net profit)
- Create a competitive **rebate/incentive program** aligned with goals to keep partners motivated

Explicit, specific, and realistic OKRs are vital for progress and to guide the day-to-day business

Semi-/annual reviews are necessary to share the status quo and identify challenges /opportunities for OKR adjustment

2

Offer training & support to enable distributor success in local market

- Hold regular **online/ offline training sessions** to ensure that the brand story conveyed to the audience is consistent and to consistently optimize consumer shopping experience (potential topics include brand guidelines, product exhibits, marketing narratives, campaigns, pre/after-sales service standards)
- Offer strong **supporting materials on sales and marketing**, not limited to sheets with FAQs, brand and product brochures, as well as best practices related to sales pitches and marketing initiatives from the field in both Chinese and US markets

3

Boost deep collaboration for product development, marketing, and service

- Involve local distributors in the **product upgrade, innovation and selection** stages to achieve down-to-earth product portfolios
- Brands (especially for mature players*) can consider running **joint marketing campaigns**, offering or sharing financial investment. This is an effective way to demonstrate a solid commitment to partnerships and maintain the distributor's brand recognition and credibility
- High-tech brands can cultivate distributors into **a service center** with basic repair and maintenance functions, by sending engineers for on-site technical training





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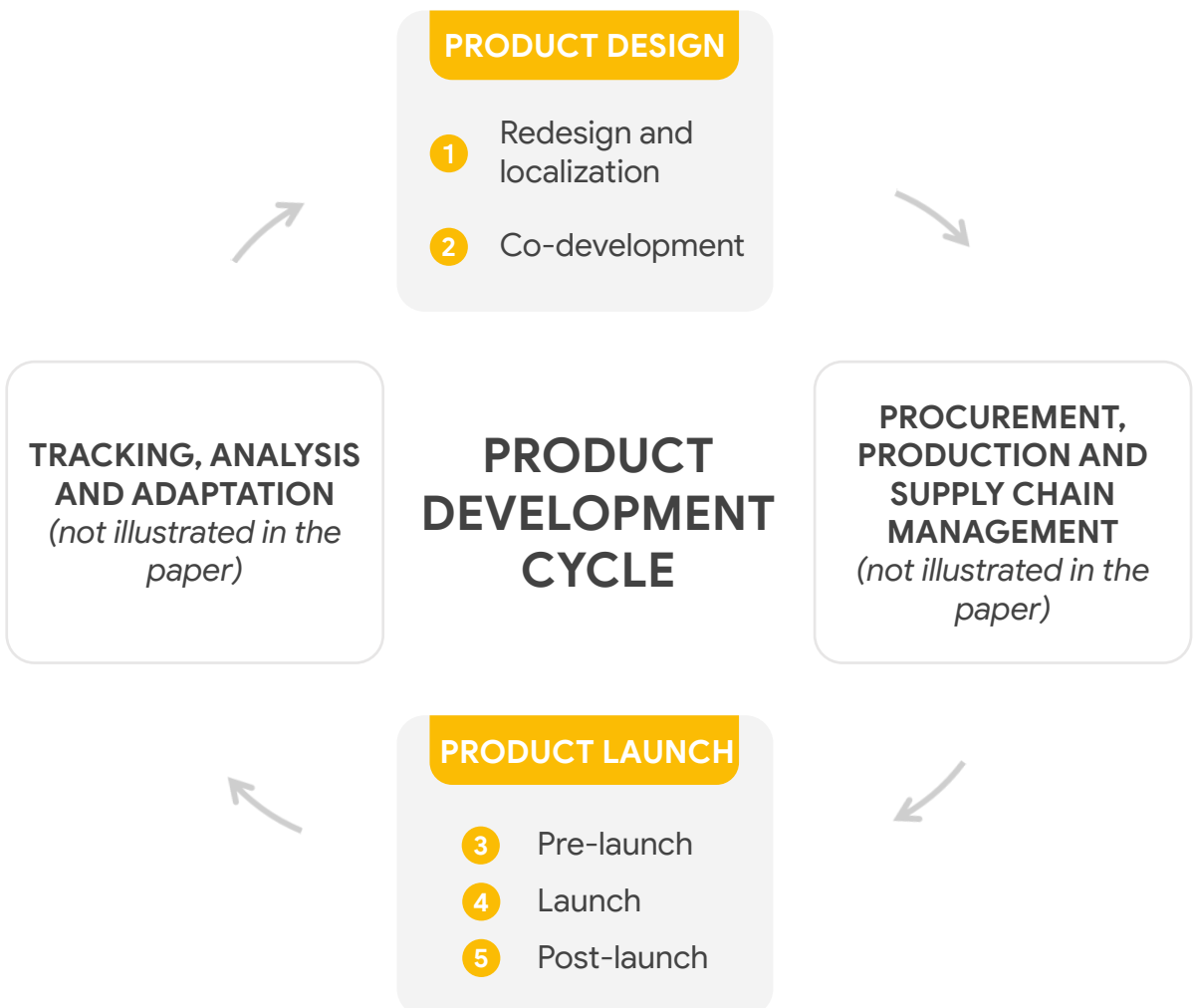
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Thanks to digitalization, consumers around the world are highly informed, and expect sophisticated products and services, especially consumers in developed countries where market segments are becoming increasingly fragmented and niche

To keep pace and find success in an evolving marketplace, it is critical for Chinese domestic brands to launch new products or localize product attributes to meet differing consumer needs and match their purchasing parameters. Furthermore, an effective marketing strategy, specifically developed for a new product launch, can unleash massive traffic and extend product popularity, ultimately raising brand awareness and boosting sales

This section will practice the following structure and share guidance on how to design/localize products to create your marketing plan





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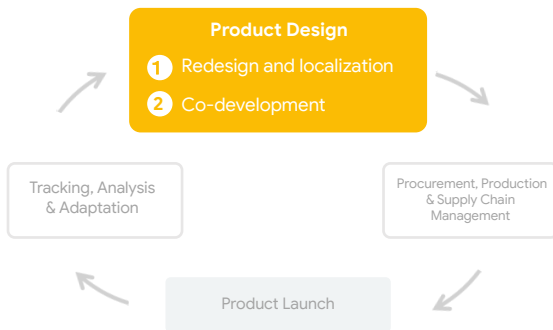
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To thrive in a dynamic market, it is crucial for Chinese exporters to introduce new products or adapt product characteristics aimed at that market

Meanwhile, engagement with KOCs and trend receivers, as well as co-development with partners at the innovation stage, elevate product design to the next level



1.Redesign and localization:

Product adjustments and upgrades based on consumer needs and local habits enable sustainable growth

In general, Chinese domestic brands going overseas intend to directly reuse the product sold domestically in overseas markets to achieve quick sales returns (especially for nascent players*) Unfortunately, as product attributes fail to meet local consumer needs, sales performance is usually either disappointing or loses momentum soon Hence, product localization at the beginning / before export to certain markets matters, not only to further drive sales but also to make a good impression on local consumers. A deep understanding of the attributes of the top-selling products in the local market is essential. (Attributes are listed in Exhibit 10 as an inspiration)

Exhibit 10: Examples of product attributes of top-selling fashion & consumer electronics products in the US market



Fashion

- Color
- Material
- Patter
- Style

Consumer
Electronics

- Style
- Brand
- Material/
component
- Color



We put high importance on product adjustment and upgrades to meet local consumer needs accordingly We use Google data to find out the differences in appearance and design aesthetics in different overseas markets and adjust product colors, and specifications accordingly. For example, we increase the width and weight capacity of products to make them more in line with the behavior of US consumers

As expected, localized products bring more satisfaction and sales. Our company continuously upgrades products along with the changes in consumer behavior and launches new SKUs on a regular basis

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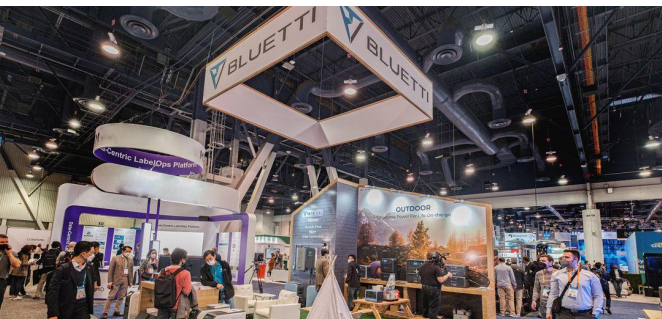
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2. Co-development:

Involve local influencers/KOCs at the initial stage of product development, and further leverage the partner's strengths to realize technological breakthroughs and provide upgraded product solutions

Given the **strong expertise of influencers and KOCs** in one specific field, and deep comprehension of consumer needs/expectations, their perspectives are highly constructive for product development. Brands should involve local influencers/ KOCs after the completion of the initial product prototype and take their feedback into account for further improvement. Take BLUETTI as an example: BLUETTI provides portable power and solar power solutions, used for outdoor activities, and to power electronic devices in off-grid locations

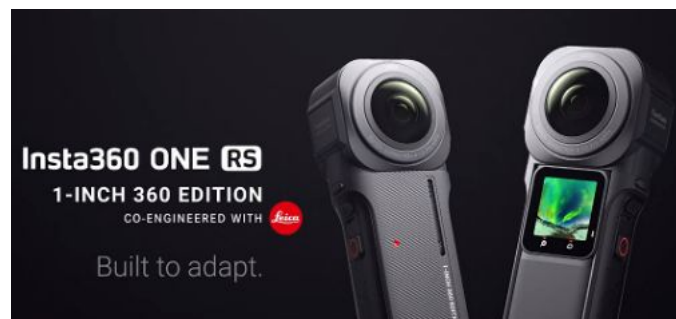


BLUETTI added a "Join Community" button on its independent website and overseas social media platforms, with entry questions to attract users who have an interest in its products

It sends newly developed products to the most engaging/frequent users in the community before the official launch to collect their feedback regarding areas that need improvement, and unnecessary features that can be removed, and to verify whether the requirements stated in the user manual have been met. Then it will conduct product upgrades and improvements based on the feedback before mass production

Co-developing with another brand, especially one that is deeply committed to a vertical and has mastered technical barriers, allows companies to tap into diverse product design perspectives and specialized skill sets – letting them explore new avenues for growth and differentiation

Together, brands strive to create a positive impact in the market, driving innovation and efficiency, delivering more professional and comprehensive product solutions to consumers, and further elevating their usage experience. Take the co-development of Insta360 and Leica as an illustration:



With a shared vision of craftsmanship and innovation, Insta360 and Leica have created the Insta360 ONE RS 1-INCH 360

Insta360, while maintaining its high standards in panoramic technology, has utilized advanced optics and photographic lens technology from Leica to enhance various aspects such as contrast enhancement and exposure accuracy in image rendering, thereby further improving overall footage quality. Insta360 goes beyond by providing consumers with unparalleled creative freedom to capture and share their lives



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From a marketing perspective, the launch of a new product typically goes through three stages: pre-launch, launch, and post-launch. Strategically allocating marketing resources and budget through these stages, brands can effectively capture consumer attention, boost product awareness and sales, and ultimately position the company for success in a highly competitive overseas market

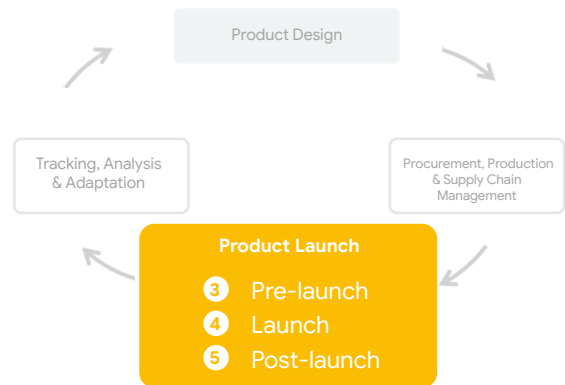
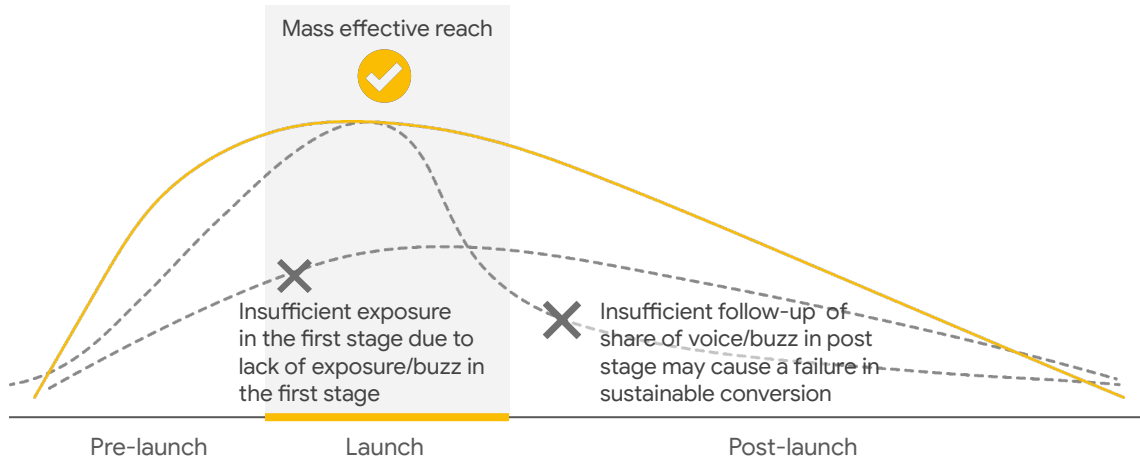


Exhibit 11: Three-stage strategy for a new product launch activity



3. Pre-launch stage:

The time when audiences first get to know the product, and begin to generate curiosity, is of utmost importance. Brands can **release previews/ storytelling shorts and leverage KOLs/celebrities** to generate buzz, raising anticipation for the official product launch

The **measurement index** in the first stage includes:

- How many new users does the brand reach?
- How many people who were previously unaware developed an interest?

4. Launch stage:

Brands should maximize Share of Voice (SOV) in the product launch stage by **increasing advertising frequency, and diversifying advertising channels** (especially involving high-traffic social media platforms and live streaming)

Notably, the best time for a new product launch is **~2 weeks** after the pre-launch

The **measurement index** in the second stage includes:

- How large is the audience that watches the new product launch?
- What is the viewership rate?

5. Post-launch stage:

Brands need to also emphasize the post-launch stage, to continue to influence the audience

Utilizing KOLs to post strong call-to-action content on social media platforms is an effective way to facilitate conversion

The 4 weeks following the launch stage are the most important that require tracking

The **measurement index** in the third stage includes:

- Has the brand keyword search volume increased?
- How many users have reached the independent website through advertising?



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Companies receive vast volumes of data every day generated from independent websites, e-commerce platforms, and social media platforms, as well as offline distributors. Relevant data assembly and concise data interpretation give companies better-informed and higher-probability answers to their business questions

The below pages illustrate high-level solutions and tips on how data analytics helps brands achieve improvement in the 3 aspects mentioned below

What kind of products do consumers want?

Interpret data related to end-user needs, preferences, satisfaction, pain points, and expectations to make product upgrades and development more targeted and efficient

How to better communicate with consumers and cultivate empathy?

Truthfully identify functional triggers and emotional motivators – and more importantly, learn what consumers value the most, and create a sophisticated brand story to address it

How to target existing and potential consumers, and maintain good ads ROI?

Track and analyze data along the entire consumer purchasing journey for marketing channel optimization, and add consumer tags based on available data to achieve effective ad targeting

PRODUCT
DEVELOPMENT

BRAND BUILDING

PRECISION
MARKETING



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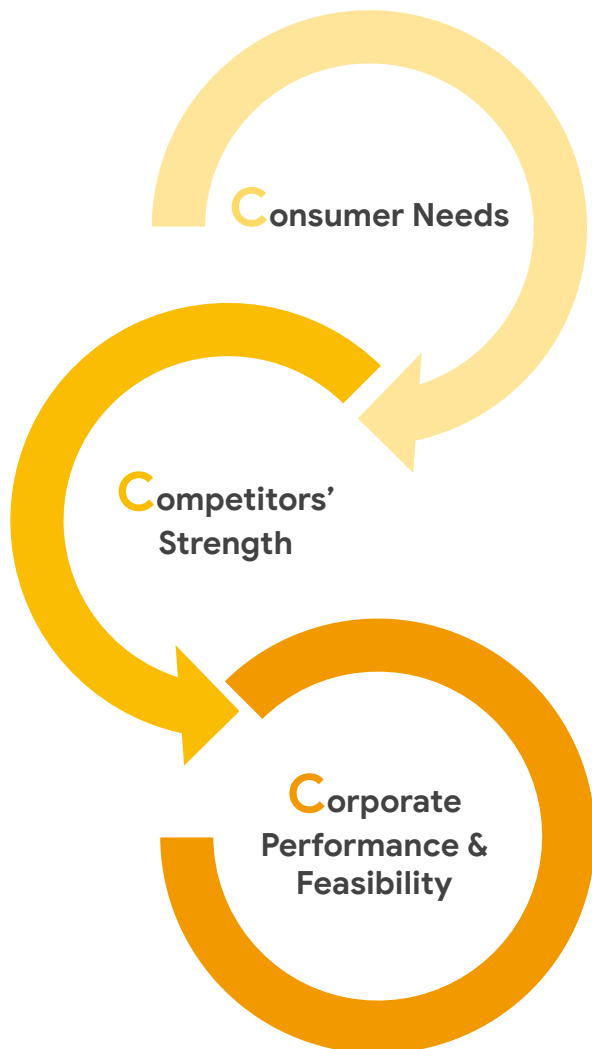
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Product development

Overarching analysis of consumer needs, corporate sales performance, and competitor offerings to set the direction for product re-design and development



Start from understanding customer needs

- Deeply research the needs of local target consumers, and their preferences in terms of key product attributes (such as functionality, size, color, style and use occasion) with the rationale behind such needs (such as demographic features)
- Identify consumers' selection criteria and capture changes as they occur
- Understand their usage behaviors, satisfactions, unmet needs, and expectations

Learn and take inspiration from competitors

- Study competitor product offerings and sales performance to understand their strengths and weakness
- Keep an eye on competitors' key movements (in terms of product development and pricing changes) on a regular basis
- Identify market dynamics in the field to predict future trends in the short-mid term

Uncover gaps for product improvement and locate whitespace for innovation

- Conduct competitive benchmarking with competitor's correspondent to key consumer needs, to identify gaps and locate whitespace
- Research rationale behind gaps in terms of lifespan/durability, functional performance, pricing and services which are considered key directions for product improvement and pricing strategy refinement
- Review feasibility via TELOS (technical, economic, legal, operational and scheduling) framework before charting a course forward



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Product development

Overarching analysis of consumer needs, corporate sales performance, and competitor offerings to set direction for product upgrades/adjustments

Below are some data sources and research approaches for reference:

Required data		Data source and research approach	
		In-house data input	External data input
Corporate performance (Sales data split by product attributes in past 1-3 years)		Sales data from independent website, e-commerce platforms, offline channels and distributors	/
Consumer needs	Needs & preferences by product attributes and changes in past 1-3 years	/	<ul style="list-style-type: none"> Product attribute / concept testing surveys Google trends
	Usage experience, satisfaction, pain points and unmet needs	<ul style="list-style-type: none"> Distributor feedback system Web crawling on consumer feedback from online sales channels /social media platforms 	Voice of consumer study or usage and attitude (U&A) study via qualitative interviews and focus group discussion
	Expectations / innovative ideas on new products	/	<ul style="list-style-type: none"> Co-creation (brand + consumer) workshop Google trends
Competitor offerings and strengths		Insights / perspectives from distributors	<ul style="list-style-type: none"> Desk research Google best-seller report



Female consumers in different markets have very different body characteristics and different preferences (e.g., favorite colors). If the insights are not in place, there is a high risk of compromising the brand image

We use Google data to explore industry-wide trends, traffic flow hotspots, and consumer preferences for product styles and colors within the underwear vertical. These data are very helpful to our overall product development and marketing strategy

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Brand building

Run step-by-step consumer research to uncover core motivators and social values for brand story building

As suggested in the earlier section, emotional motivators and social values are highly important for brand storytelling. Yet identifying emotional motivators and social values is not easy, given that consumers themselves may not be aware of them. Therefore, systematic consumer research (as below) and analysis are important. The example below takes “identify emotional motivators” as the research goal

Key objectives and solutions

Data source & research approach

	Data source & research approach	
	In-house data input	External data
<p>Discover emotional motivators</p> <ul style="list-style-type: none"> • Conduct qualitative research with target consumers and ask them to proactively explain their value, along with the rationale/benefits • Prepare a set of emotional motivators and probe consumer to identify more via brainstorming • Summarize all relevant motivators 	<ul style="list-style-type: none"> • Internal team know-how • Distributor feedback system • Web crawling on consumers' most mentioned sentiment/emotional needs 	<ul style="list-style-type: none"> • Competitor case study for inspiration • Voice of consumer and U&A study via interviews/focus group discussion
<p>Quantify motivators and identify high-impact ones</p> <ul style="list-style-type: none"> • Run quantitative surveys to quantify motivators • Compare how people feel (or claim to feel) about your brand and their underlying motivations (without mentioning your brand) to understand the association with brands and gaps 		
<p>Ensure high-value consumers' core emotional needs are included</p> <ul style="list-style-type: none"> • Zoom in on the data interpretation of high-value consumer groups (who are less price sensitive, but the most loyal/advocates) and understand how they differ emotionally from the overall customer base • Pick 1-2 emotional motivators of high-value consumers that have a strong association with your brand mission, as must-have factors for brand building 	/	<ul style="list-style-type: none"> • Consumer attitude/experience surveys • Brand health tracking to regularly monitor changes and then take action accordingly



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Precision marketing

Combining data analytics findings with ad-hoc consumer research to get more accurate consumer portraits/tagging and consumer insights, which helps achieve more customized in-site product displays and targeted CRM programs

These data points along the consumer purchase funnel act as a base for customer segmentation, allowing companies to add consumer tags (by categories listed below).

Notably, consumer tagging is a continuous process that requires constant tracking and adjustments. It should be combined with regular ad-hoc consumer research (e.g., consumer segmentation studies, consumer usage studies, and attitude studies) to ensure its accuracy, probe deep consumer insights, and offer customized in-site product displays and marketing plans

Consumer portrait	Conversion paths	Consumption history	Customer engagement
<ul style="list-style-type: none"> Demographic information such as gender, income level, occupation, and education Psychographic traits such as personality, interest, and values 	<ul style="list-style-type: none"> Showing advertisers the step-by-step process by which independent website visitors turn into customers (data along the consumer purchase funnel) 	<ul style="list-style-type: none"> Product preference Purchase frequency Average order value 	<ul style="list-style-type: none"> Customer feedback/reviews on independent websites (to identify advocates, detractors, or those requiring additional service) Interactions on social media (comments/likes/retweets) Communication preferences (email, social media, or SMS)

For mature players*, it is recommended to link the above consumer data to the company's CRM system so that they can offer more targeted CRM programs/campaigns (such as early/exclusive offers, referral fees, and offline pop-up events) to drive more sales and enhance engagement/brand loyalty

For mature players*, it is worthwhile to build a dedicated team to manage ads-/tags-related data analytics to achieve efficient and accurate data interpretation

03

Unveiling Industry Landscape & Consumer Trends

—Fashion, Beauty, and Consumer Electronics Industries

This section will further explore the industry landscape and consumer trends of the fashion, beauty, and Consumer Electronics industries (deep dive into the US market as an example of developed markets)

In the US market, fashion, beauty, and consumer electronics are believed more attractive to Chinese domestic brands going overseas

The epidemic has spawned vertical growth in Consumer Electronics, Home & Garden, and Pets & Animals. Based on the quadrant analysis of the first quarter of 2023 (use the number of clicks¹ vs. the cost of US consumer clicks², as illustrated in Exhibit 12), we find that the Pets & Animals vertical is still popular among US consumers, but the competition is more intense; Home & Garden is receiving less attention

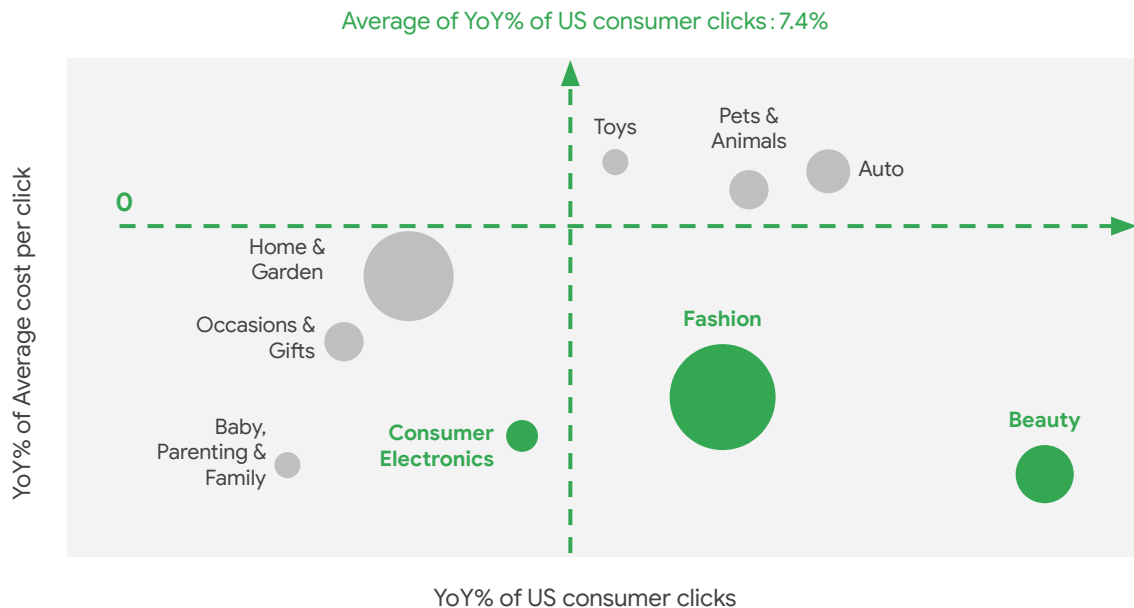
Companies that already have overseas businesses should have keen insight into the changes and make adaptations in a timely manner. As a company preparing to do export business, Fashion, Beauty & Consumer Electronics industries show lower competition saturation from the perspective of supply and demand, indicating great opportunities

In this section, we offer deep diving into the industry landscape and consumer trends in Fashion, Beauty & Consumer Electronics verticals

Exhibit 12: Growth potential & competition level of key verticals in the US market

Bubble size = US consumer demand (No. of clicks)

YoY% refers to the changes between H1 2022 and H1 2023





Fashion



Beauty



Consumer Electronics

The US fashion market remains at a 3-4% steady growth, with the accessory market becoming a new growth engine

The US fashion market reached ~447 USD bn in 2022 (as compared to Southeast Asia at ~14 USD bn) and is expected to grow steadily at a 3-4% CAGR over the next 5 years (see Exhibit 13). The accessory market promises to be a new growth engine moving forward (see yellow line in Exhibit 14)

Demand wise, continuously rising disposable personal income in the US (CAGR 2018-2022, ~4%) empowers this premiumization trend. Moreover, the shopping habits and general enthusiasm for e-commerce, accelerated during the pandemic, will continue for the foreseeable future, accounting for a growing share of total sales

Supply-wise, online purchases become a must-have for consumers. Diversified branding and marketing initiatives are increasingly adopted to raise consumer engagement, especially, celebrity/ influencer content on social media such as YouTube. Digital technologies such as AR likewise enhance the shopping experience (e.g., virtual try-on technology) and fuel growth

Exhibit 13: Fashion market revenue by sales channel
(2018 – 2027E; Unit: USD bn)

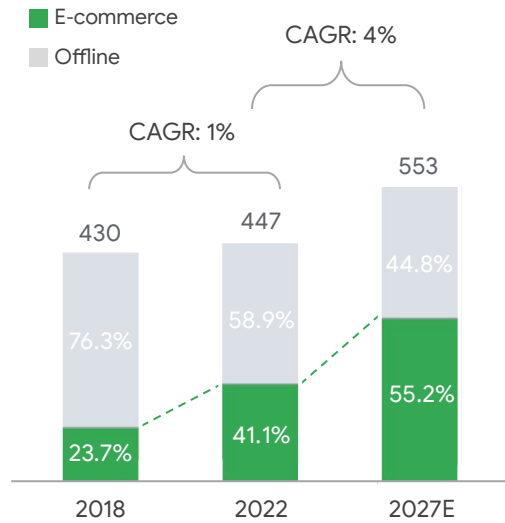
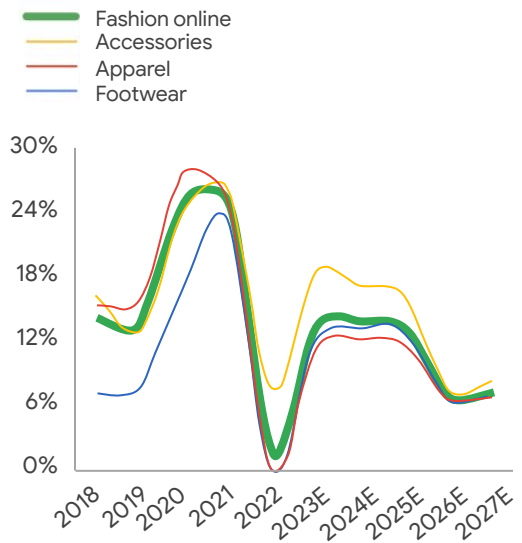


Exhibit 14: YoY% growth of online revenue by segments
(2018 – 2027E)





Fashion



Beauty



Consumer Electronics

US fashion is undergoing 4 key trends – self-expressed style, comfort, sustainability, and high-tech-fueled product development



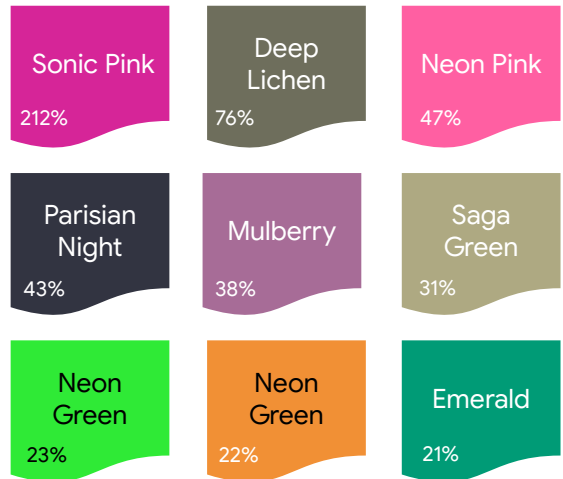
Seek for self-expression

Fashion is a powerful means of self-expression. Consumers are seeking brands that let them show their personality and attract people with similar interests

Creating diversified styles and sizes is key to providing a level of choice that lets wearers best express themselves. Using activewear as an example, popular trends include cool vibes, street style, athleisure, and Gorpcore

Bold colors are increasingly used to evoke emotion and connect with consumer sentiment, leading to a rainbow of new possibilities. Sonic Pink, Deep Lichen, Neon Pink, and Parisian Night Blue witnessed the highest buzz volume growth (see Exhibit 15 for other popular bold colors)

Exhibit 15: Bold colors that witness the highest buzz volume growth*
(YoY% growth > 20%)



Comfort is king

Comfort plays a continued and important role in consumers' value equation. During the pandemic, consumers began to get into the habit of dressing comfortably, and many remain on that path

In the US, the young generation is demanding comfortable or organic fabric, loose-fitting cuts, and resilient designs and materials (e.g., pure cotton)



Care about sustainability

The fashion industry continues to struggle with its harmful impact on the environment, and consumers are increasingly willing to pay for eco-friendly and sustainable products. In particular, consumers prefer:

- Products made from recycled / post-consumer material
- Brands that adopt eco-friendly packaging, or mail their products using carbon-neutral shipping



High-tech fabrics to meet functional needs

High-tech fabric innovations are continuing to emerge. In addition to quick-dry and water-proof fabrics, new fabrics such as graphene smart clothing to facilitate warm transport, and bioactive polyester fabric to reduce odor, have gained attention and interest from consumers



Fashion



Beauty



Consumer Electronics

US beauty market also shows a ~3% steady growth trend, with cosmetics and skin care markets remaining the stronghold

The US beauty market reached ~87 USD bn in 2022 (as compared to Southeast Asia at ~28 USD bn) and is expected to grow steadily (~3%) over the next 5 years (see Exhibit 16). The cosmetics and skin care markets have led this growth since the post-pandemic rebound in 2021 (see the yellow and blue lines in Exhibit 17). Demand wise, consumers seek for safe, high-efficacy products that can address the root causes of their skin problems, pushing manufacturers to develop a diverse product portfolio

Supply wise, social media marketing is a key contributor to this fast-growing industry. Beauty videos (product recommendations, makeup & skincare tutorials) are the most popular content. Meanwhile, brands are putting more effort into offline retail/pop-up stores to provide enhanced consumer experiences

Beauty products covering needs of male gen-Z consumers and embracing gender inclusivity (the majority of whom believe beauty products are not only for females) are becoming a new growth engine



Exhibit 16: Beauty market revenue by sales channel
(2018 – 2027E; Unit: USD bn)

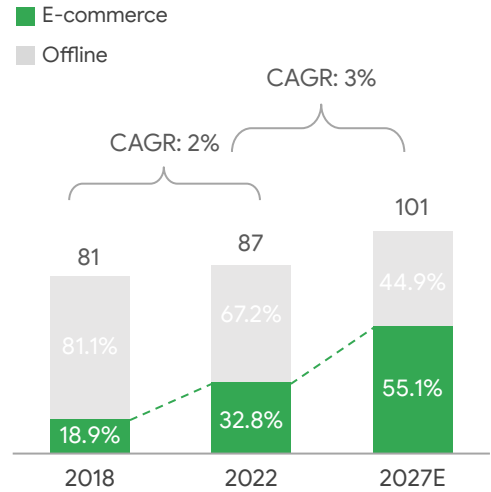
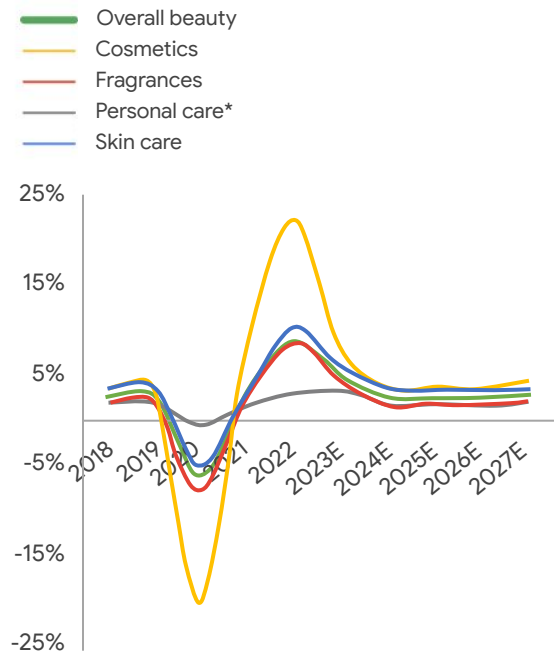


Exhibit 17: YoY% growth of revenue by segments
(2018 – 2027E)



Remark: * Such as hair care, deodorants and shaving products
Source: Statista



Fashion



Beauty



Consumer Electronics

The US beauty market sees 3 key trends – natural, safe & cruelty-free ingredients, gender-neutral products (especially cosmetics & fragrances); and anti-aging functions (especially skincare)



Demand for natural, safe & cruelty-free products

- Consumers prefer natural ingredients, such as argan/coconut oil, vitamin E, arnica, and others
- Products should exclude harmful chemicals that are linked to cancer, endocrine disruption, and organ system toxicity, such as Benzophenone and Butylated Hydroxy Anisole (BHA)
- Brands should prioritize cruelty-free ingredients that require no harming or testing on animals

Growing interest in gender-neutral products (especially for cosmetics and fragrances)

US consumers currently place a high value on beauty products for all genders, including those who are non-binary or genderfluid, as opposed to hyper-feminine and hyper-masculine themed products

- For nail polish, consumers favor neutral colors like black, white, and gray
- For fragrances, consumers prefer products that blur/break the boundaries of gender. From formulas to packages, many expect products that are designed for all (not separate for men and women)



Trends toward high-efficacy, anti-aging solutions in skincare

US consumers are concerned about skin aging problems (macula, wrinkles, etc.)

- Consumers are Retinol, Pro-Xylane, and Peptide are the most popular ingredients
- Seeking personalized skin care services like a mini laboratory, allowing to customize/upgrade formulas to meet demands for different concentrations of anti-aging ingredients



Fashion



Beauty



Consumer Electronics

Consumer electronics is experiencing a strong growth surge driven by imported brands and online sales; cameras & optics, power products, mobile phones, and computers are easier for market entry or business expansion

Imports for consumption of consumer electronics (CE) in the US reached USD 498 bn in 2022, up 8.4% compared to 2021. There is real potential for growth over the next 2 years, as domestic inflation continues to drive demand for imported products at competitive prices. Meanwhile, imported brands are significantly investing in digital marketing to further raise brand awareness and product consideration

Online sales channels continue to win sales share from offline stores. According to Statista, the proportion of online sales is predicted to hit ~70% by 2025 (from ~60% in 2022)

Brands are expected to increasingly incorporate advanced technologies (e.g., artificial intelligence, AR/VR/metaverse, the internet of things, and 5G/other ultrafast networks) to differentiate their products by being smarter, faster, and more personalized

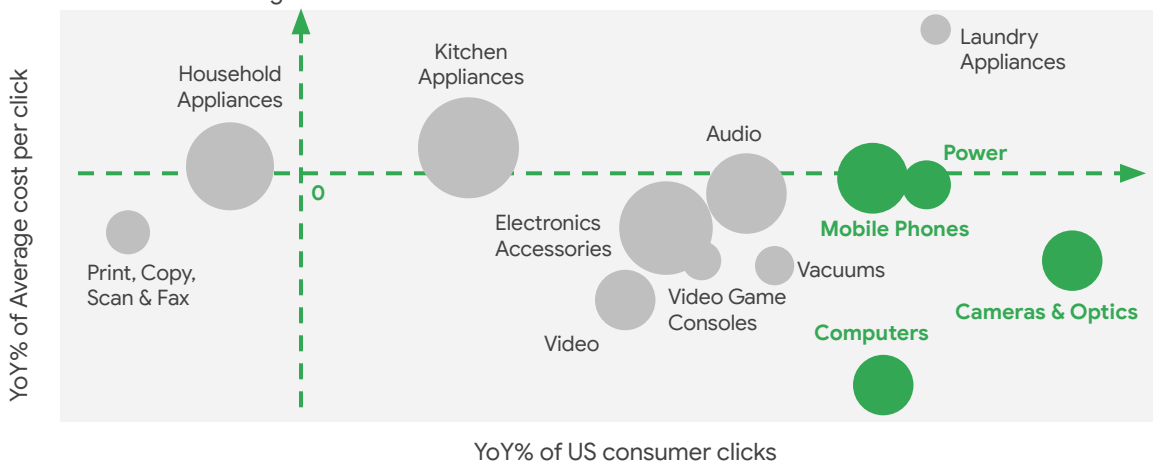
As showcased in Exhibit 18, **cameras & optics, power** (such as mobile batteries), **mobile phones, and computers** are seeing Y-o-Y growth in consumer traffic ¹ as well as a decrease in marketing cost ², indicating higher marketing ROI



Exhibit 18: Growth potential & competition level of sub-verticals

Bubble size = US consumer demand (No. of clicks)

YoY% refers to the changes between H1 2022 and H1 2023





Fashion



Beauty



Consumer Electronics

In addition, e-transportation, digital healthcare & skincare are growing at an accelerated rate



Electronic urban transportation (especially E-bikes and e-scooters) is seeing rapid growth

Thanks to increasing environmental awareness and government support. The sales volume of electric bikes is projected to hit 2.3 million units in 2023 in the US, reaching over 3 million units by the end of 2026

In addition, technology adoption (e.g., digital displays, GPS navigation, and connectivity to smartphones) largely enhances the user experience and is expected to undergo surging demand

Digital healthcare is evolving

Alongside technological advancement (such as human-machine interaction and artificial intelligence), digital therapeutics via apps/devices (e.g., apps providing solutions for behavioral disorders like ADHD) are evolving rapidly. The market stands at USD 250 million in Jan 2023, with an estimated annual growth of over 20% for the foreseeable future

Also, the growing senior population in the US presents opportunities for communication devices (e.g., over-the-counter hearing aids) and accessibility technologies (e.g., text-to-speech tech)



Beauty devices are another fast-growing segment

With the increase in per capita disposable income and beauty consciousness, consumers are paying more attention to pursuing a high-quality, fashionable lifestyle. Moreover, with the accelerated pace of life, the use of portable and user-friendly beauty devices for at-home beauty treatments is becoming increasingly popular among young and middle-aged consumers. Among them, current growth is mainly driven by hair removal devices, followed by cleansing and acne devices

04

Appendix



The analysis and content in this report have been put together by Google professionals and Ipsos consultants (from both China and US teams), integrating internal strategic frameworks, the teams' know-how, and points of view from external experts

Alignment, field, analysis and ideation

Google and Ipsos aligned on top concerns and challenges that Chinese domestic brands going overseas may face during export, via systematic internal discussion and poll results from a Google Marketing Live event. The key objective of this white paper is to provide guidance on “how to help domestic brands conquer these challenges and excel at export”

Ipsos consultants conducted in-depth interviews with Chinese global brands, emerging Chinese domestic brands going overseas, and leading US-based brand pioneers, to understand the key rationales behind their successful brand stories. The team also accessed international databases and official portals to identify impactful market dynamics, as well as key social media findings to unveil evolving consumer trends

The team leveraged Google “9 Strength” capability framework and several Ipsos analytic tools for insight synthesis and overarching analysis

Furthermore, Google and Ipsos teams ran several brainstorming workshops together, aiming to co-create down-to-earth and up-to-date solutions for these top concerns and challenges

Contribution

This report was co-written by Google and Ipsos team, with support from successful Chinese brands going overseas and leading US-based players. We would like to express our sincere gratitude to them and various team members from Google for their insightful contributions throughout the report writing process

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